

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 490 (The Speaker)(By Request - Accountability and Implementation Board)

Appropriations and Ways and Means

Education - The Blueprint for Maryland's Future - Revisions

This bill makes several alterations to Blueprint for Maryland’s Future (the Blueprint) programs. These changes involve, among other provisions, State and local funding for low-income students; local flexibility in the use of certain concentration of poverty grant (CPG) funding; teacher certification qualifications; career and technical education (CTE); college and career readiness (CCR); and the career ladder for educators in Maryland. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: State expenditures in support of public schools increase by \$228.5 million in FY 2027, by \$82.7 million by FY 2029, and by relatively modest amounts beginning in FY 2030. Special fund revenues decrease by \$4.7 million in FY 2027 and by \$3.0 million in FY 2028. The FY 2027 State budget includes \$228.4 million to cover the additional State funding for local school systems in the first year. **This bill increases a mandated appropriation in FY 2027 through FY 2029.**

(\$ in millions)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	(\$4.7)	(\$3.0)	\$0	\$0	\$0
GF Expenditure	\$0.1	\$310.8	\$82.7	\$0.1	\$0.1
SF Expenditure	\$228.4	(\$236.1)	\$0	\$0	\$0
Net Effect	(\$233.2)	(\$77.7)	(\$82.7)	(\$0.1)	(\$0.1)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local school system revenues and expenditures increase statewide in FY 2027 through FY 2029. For several counties, county appropriations to local school systems generally increase significantly from FY 2027 through FY 2029. **This bill may increase a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary:

Compensatory Aid and Concentration of Poverty Grants

The current low-income student count, or “compensatory education enrollment,” methodology for the compensatory education aid program and CPG program, which accounts for school and school system participation in the federal Community Eligibility Provision (CEP, as discussed below) is extended for an additional year, through fiscal 2027.

The bill repeals a current law sunset provision that, beginning in fiscal 2028, precludes the use of CPG program personnel and per pupil grants to provide for certain programs required under State regulations, including, but not limited to, fine arts programs.

Teacher Certification

Qualifications for initial teaching certification are modified. Passing a Maryland State Department of Education (MSDE)-approved portfolio assessment constitutes an additional option toward qualification and accordingly submission of an MSDE-sponsored apprenticeship program certificate may substitute for passage of a nationally recognized, portfolio-based assessment of teaching ability. Teachers who graduate from an institution of higher education in another state or hold a professional license or certificate from another State may as another option submit documentation to MSDE of having received effective evaluations from a school system for two years.

Career Ladder

Under the career ladder, with respect to attaining the first tier within the administrator track (licensed principal) the date by which criteria must include a requirement that a teacher be a National Board Certification (NBC) teacher before the teacher may be a licensed principal is delayed from July 1, 2029, to July 1, 2034.

Career and Technical Education and College and Career Readiness

The bill repeals the CTE Skills Standards Advisory Committee and alters the purpose, composition, and duties of the CTE Committee. The CTE Committee must, in collaboration with and with approval of the Governor’s Workforce Development Board (GWDB), develop and maintain a list of high-skill, high-wage, or in-demand priority occupations for the State. For each listed occupation, the CTE Committee must develop, in collaboration with and approved by GWDB, publicly accessible career pathway

information, that must include specified elements. All State agencies and relevant workforce development and education programs must use the occupational list and career pathway information as a guideline for curriculum alignment, credentialing, and career advancement.

In addition to other clarifying changes about the CTE Committee's structure and duties, the committee must make recommendations and provide guidance on setting occupational standards needed for a strong CTE system that forms the basis for the post-CCR pathway, and make recommendations to State agencies and offices on adjustments to the CTE system to ensure that the system (1) remains globally competitive, (2) is administered according to best global practices, and (3) leverages CTE career pathways and occupational standards. In making its recommendations, the CTE Committee must strive to create a comprehensive, unified system of career progression that is attuned to the State's workforce needs and meets other specified criteria.

Other Provisions

The bill extends from the end of fiscal 2027 to the end of fiscal 2030 the time frame during which State Board of Education (SBE) and Accountability and Implementation Board (AIB) may, in consultation with local school systems, may limit the number and types of courses that a student dually enrolled at the student's public high school and at an institution of higher education may enroll in during the school year at the institution of higher education as part of the post-CCR pathway.

The definition of "wraparound services" as it applies to community schools is altered to include offering evidence-based academic interventions, in addition to offering tutoring per current law.

Local boards of education are no longer required to submit annual reports to MSDE on spending related to technology and on the percentage of students, teachers, and staff with digital devices and adequate connectivity in their homes. Accordingly, MSDE is no longer required to compile this information for submission to the General Assembly.

Current Law: For an overview of the Blueprint and other aspects of State and local funding of public schools in Maryland, see **Appendix – Public School Funding in Maryland**.

Federal Community Eligibility Program

The Healthy, Hunger-Free Kids Act of 2010, in part, amended the federal National School Lunch Act to provide an alternative to household applications for free or reduced priced meals (FRPM) in high-poverty local school systems and schools. This alternative is CEP.

To be eligible, local school systems and schools must meet a minimum level of students directly certified for free meals – the ISP (identified student percentage) – which must be at least 25% of enrollment in the year prior to implementing the option, agree to serve free lunches and breakfasts to *all* students, and agree to cover with nonfederal funds any costs of providing free meals to all students above amounts provided in federal assistance. Identified students include those who qualify for free meals without an application, such as children from households receiving Supplemental Nutrition Assistance Program or Temporary Assistance for Needy Families benefits, foster children, homeless students, migrant students, and others categorically eligible.

Reimbursement is based on claiming percentages derived from the percentage of students directly certified as increased by use of a multiplier determined by the U.S. Department of Agriculture (USDA), which has been set at 1.6 since the inception of CEP. A local school system may choose to participate in CEP for all schools in a local school system or only some schools, depending on the eligibility districtwide and of the individual schools and financial considerations based on the anticipated level of federal reimbursement and other nonfederal support that may be available. For example, a school with a 25% student eligibility ISP, yields federal support for the equivalent of 40% (25% multiplied by 1.6), leaving an additional 60% to be covered outside of the federal CEP program. More information on CEP can be found on the [USDA website](#).

Compensatory Aid, Low-income Eligibility

Since fiscal 2004, the compensatory aid formula, providing additional State support for students with educational needs resulting from educationally or economically disadvantaged environments, has used the number of students eligible for FRPM under federal school nutrition funding programs. Children from families (1) with incomes at or below 130% of the federal poverty level are eligible for free meals and (2) with incomes no greater than 185% of the federal poverty level are eligible for reduced-price meals. The State compensatory aid formula applies a per pupil cost to the FRPM student count. The compensatory enrollment count (used within the compensatory aid and CPG formulas) for local school systems that participate, in whole or in part, in CEP is the greater of:

(1) the sum of:

- the number of students in CEP participating schools identified by direct certification for the prior fiscal year; and
- the number of students identified by the income information provided by the family to the school system on an alternative form developed by MSDE for the prior fiscal year; and
- the number of students eligible for FRPM from any schools not participating in CEP for the prior fiscal year; *or*

(2) the sum of:

- the number of students eligible for FRPM from any schools not participating in CEP for the prior fiscal year; and
- for schools participating in CEP, the result of multiplying the prior fiscal year total enrollment by the percentage of FRPM-eligible students as compared to total enrollment in the year prior to participating in CEP. (However, for the purpose of this calculation, schools participating in CEP in the pilot year may use the percentage of FRPM-eligible students during the pilot year); *or*

(3) the sum of:

- the number of students directly certified and who are enrolled in a public school in the county in the prior fiscal year.

This provision of the State law is in effect through fiscal 2026. For fiscal year 2027 and each fiscal year thereafter, the greater of (1) the number of FRPM eligible students using the USDA count, or the alternative State form for the prior fiscal year or (2) the number of direct certification students who are enrolled in a public school in the county in the prior fiscal year.

Concentration of Poverty Grants and Community Schools

Blueprint legislation provides additional support for schools serving high concentrations of students living in poverty through the CPG Program. CPG funding has two components, a personnel grant and a *per-pupil* grant.

CPG personnel and *per pupil* grants may be used by eligible schools, through fiscal 2027, to provide for certain programs required under State regulations for a range of subjects, including (but not limited to) programs for fine arts, science, mathematics, social studies, CTE, English and world languages, and environmental education. The bill allows for this same use of CPG funds in each year following fiscal 2027 as well. The fiscal 2027 budget as introduced includes \$572.7 million for CPG funding to public schools. Consistent with recent annual funding levels, the fiscal 2027 budget as introduced also includes \$731,530 in general funds for public school fine arts grants.

Schools that receive CPG funding operate as community schools. “Wraparound services” within the context of community schooling, includes, among many other components, offering evidence-based in-school and in-person tutoring, provided during the school day.

Teacher Certification

To qualify for certification in the State, a teacher who graduated from an institution of higher education in another state or holds a professional license or certificate from another state must (1) pass an examination of teaching ability within 18 months of being hired by a local school system; (2) hold an active NBC; or (3) complete a comprehensive induction program. Individuals who have graduated from a teacher preparation program or an alternative teacher preparation program, passing a portfolio-based assessment of a nationally accredited teacher program is one option toward qualifying for initial teaching certification in Maryland.

Career Ladder

By July 1, 2029, to reach the first tier within the administrator track (licensed principal) a teacher must be an NBC teacher.

Career and Technical Education

Chapter 36 of 2021 (Blueprint for Maryland's Future – Implementation) created the CTE Committee as a unit within the GWDB. The purpose of the committee is to build an integrated, globally competitive framework for providing CTE to Maryland students in public schools, postsecondary institutions, and the workforce. The committee is staffed by the Maryland Department of Labor. Chapter 36 also created the CTE Skills Standards Advisory Committee to make recommendations and provide advice to the CTE Committee on setting the occupational standards necessary for a strong CTE system. The advisory committee's recommendations must form the basis for a post college and career readiness (post-CCR) CTE pathway required by the Blueprint.

Dual Enrollment and the Post-college and Career Ready Pathway

Under Chapter 164 of 2024, to phase in expansion of dual enrollment to maximize the number of students who can earn the maximum number of dual enrollment credits consistent with the phased increases in school funding, SBE and AIB, in consultation with each local education agency, may, for fiscal 2025 through 2027, limit the number and types of courses that a student dually enrolled at a public high school and at an institution of higher education may enroll in during the school year at the institution of higher education as part of the post-CCR pathway.

Local School System Technology Use and Spending

Local boards of education must submit annual reports to MSDE on spending related to technology and on the percentage of students, teachers, and staff with digital devices and adequate connectivity in their homes. MSDE must compile this information for submission to the General Assembly.

State Funding for Affected Programs

The fiscal 2027 budget as introduced includes \$1.7 billion for compensatory education, \$572.7 million for CPG, and \$166.6 million for education effort adjustment funding, netting to \$228.4 million above mandated State funding for these three aid programs.

State Revenues: As discussed below, the bill increases the Blueprint for Maryland’s Future Fund (BMFF) expenditures in fiscal 2027. This results in a lower average BMFF fund balance during fiscal 2027 and fiscal 2028, and consequently BMFF interest earnings decrease by approximately \$4.7 million in fiscal 2027 and \$3.0 million in fiscal 2028.

State Expenditures: The projected fiscal 2027 to 2031 impact of the bill, by program, is detailed in **Exhibit 1**. These changes are driven by the change in the “compensatory education enrollment” count for fall of 2025 under the bill, as shown in **Exhibit 2**. While the enrollment count change results in a one-year increase in compensatory education funding, CPG funding is altered over three years, primarily because *per pupil* CPG funding is based upon three-year average percentage of compensatory education enrollment students at each school.

Exhibit 1
State Aid Expenditure Changes by Program
(\$ in Thousands)

<u>Program</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Compensatory Education	\$137,826	\$0	\$0	\$0	\$0
Concentration of Poverty Grants	24,120	73,693	82,622	0	0
Education Effort Adjustment	66,502	0	0	0	0
Guaranteed Tax Base	0	872	(53)	9	(2)
Total Change	\$228,448	\$74,566	\$82,568	\$9	(\$2)

General fund and BMFF impacts under the bill are shown on page one of this fiscal and policy note. BMFF special fund revenues are projected under current law to be sufficient to cover mandated annual increases in expenditures for the Blueprint through fiscal 2027. Thus, increases to Blueprint program expenditures under the bill in fiscal 2027, approximately \$228.4 million, are covered by BMFF special funds. However, current projections indicate that revenues in the BMFF, including prior-year fund balances, will be less than the amount required to cover current law increases to annual expenditures under the Blueprint beginning in fiscal 2028. Due to this set of factors and decreased BMFF interest earnings, in fiscal 2028, general fund expenditures increase by about \$310.7 million. General fund expenditures increase by \$82.6 million in fiscal 2029 and change by negligible amounts in subsequent years.

In addition to the formula program costs described above, the Maryland Higher Education Commission (MHEC) will incur staffing costs in order to assure that relevant postsecondary programs align with a focus on the priority occupations list established under the bill and to direct and coordinate the development of an integrated, globally competitive framework for providing CTE to Maryland students in postsecondary education. General fund expenditures increase by \$96,616, which accounts for a 90-day start-up delay from the bill’s effective date. Though MHEC advises it will require three additional positions, this estimate reflects the cost of hiring one additional education policy analyst. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$76,475
Other Expenses	<u>20,141</u>
Total FY 2027 MHEC Expenditures	\$96,616

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Local Fiscal Effect: County government expenditures for certain jurisdictions increase due to increased compensatory enrollment totals under the bill, which increase local share, and thus for some counties increases minimum required effort. The course of anticipated county government expenditures is further altered by changes in education effort adjustment and GTB local share relief outcomes resulting from changes to the local share of compensatory education. **Exhibit 3** shows the anticipated changes in county government funding for public schools under the bill.

Exhibit 4 shows the estimated change in State aid received by public schools by county, consistent with statewide formula program changes shown in Exhibit 1. **Exhibit 5** shows the combined impact of both State aid and local appropriations changes by county for fiscal 2027 through 2031. Local school system expenditures change accordingly. Changes to State aid and county effort on behalf of local school systems largely offset, beginning in fiscal 2030.

Concentration of Poverty Grants Spending Flexibility

The bill’s provision that, beginning in fiscal 2028, allows local school systems to realize increased flexibility in the use of CPG personnel and per pupil grants, particularly in support of fine arts programming, does not in itself alter local school system expenditures.

Exhibit 2
Change to Compensatory Education Enrollment
Fall of 2025

<u>County</u>	<u>Current Law</u>	<u>Under the Bill</u>	<u>Diff.</u>	<u>% Diff.</u>
Allegany	4,135	4,650	515	12%
Anne Arundel	33,374	33,374	0	0%
Baltimore City	48,651	62,037	13,386	28%
Baltimore	53,703	55,991	2,288	4%
Calvert	3,988	3,988	0	0%
Caroline	3,016	3,677	661	22%
Carroll	7,130	7,130	0	0%
Cecil	6,962	6,983	21	0%
Charles	12,174	12,738	564	5%
Dorchester	2,845	2,878	33	1%
Frederick	15,240	15,240	0	0%
Garrett	775	1,772	997	129%
Harford	14,208	14,213	5	0%
Howard	16,410	16,596	186	1%
Kent	1,046	1,092	46	4%
Montgomery	58,509	63,850	5,341	9%
Prince George's	79,069	86,870	7,801	10%
Queen Anne's	2,577	2,577	0	0%
St. Mary's	6,055	6,171	116	2%
Somerset	1,914	1,915	1	0%
Talbot	2,398	2,398	0	0%
Washington	11,910	12,830	920	8%
Wicomico	8,472	9,063	591	7%
Worcester	3,301	3,393	92	3%
Total	397,862	431,426	33,564	8%

Exhibit 3
Estimated Change in Local Appropriations under the Bill
Fiscal 2027-2031
(\$ in Thousands)

<u>County</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Allegany	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Anne Arundel	0.0	0.0	0.0	0.0	0.0
Baltimore City	0.0	0.0	0.0	0.0	0.0
Baltimore	0.0	0.0	0.0	0.0	0.0
Calvert	0.0	0.0	0.0	0.0	0.0
Caroline	676.9	186.3	(77.4)	32.7	(13.8)
Carroll	0.0	0.0	0.0	0.0	0.0
Cecil	0.0	0.0	0.0	0.0	0.0
Charles	0.0	0.0	0.0	0.0	0.0
Dorchester	322.8	(24.2)	1.4	(0.1)	0.0
Frederick	0.0	0.0	0.0	0.0	0.0
Garrett	2,058.7	1,467.7	0.0	0.0	0.0
Harford	0.0	0.0	0.0	0.0	0.0
Howard	0.0	0.0	0.0	0.0	0.0
Kent	259.2	50.9	95.1	0.0	0.0
Montgomery	0.0	0.0	0.0	0.0	0.0
Prince George's	0.0	0.0	0.0	0.0	0.0
Queen Anne's	0.0	0.0	0.0	0.0	0.0
St. Mary's	0.0	0.0	0.0	0.0	0.0
Somerset	0.0	0.0	0.0	0.0	0.0
Talbot	0.2	(45.4)	0.6	0.0	0.0
Washington	2,955.8	(355.7)	41.3	(4.8)	0.7
Wicomico	490.5	(208.9)	88.1	(36.8)	15.2
Worcester	0.0	0.0	0.0	0.0	0.0
Total	\$6,764.1	\$1,070.7	\$149.0	(\$9.0)	\$2.1

Exhibit 4
Estimated Change in State Aid to Public Schools under the Bill
Fiscal 2027-2031
(\$ in Thousands)

<u>County</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Allegany	\$3,198.2	\$309.1	\$735.2	\$0.0	\$0.0
Anne Arundel	15.1	(150.4)	(14.9)	0.0	0.0
Baltimore City	113,938.6	39,895.7	36,297.6	0.0	0.0
Baltimore	7,243.3	798.3	3,775.3	0.0	0.0
Calvert	(154.8)	0.0	0.0	0.0	0.0
Caroline	4,234.4	1,446.0	1,609.0	(32.7)	13.8
Carroll	(275.7)	293.9	12.6	0.0	0.0
Cecil	(197.0)	(270.6)	15.2	0.0	0.0
Charles	2,497.1	533.9	1,185.7	0.0	0.0
Dorchester	(51.1)	98.4	33.3	0.1	0.0
Frederick	(617.8)	65.2	0.0	0.0	0.0
Garrett	3,497.4	305.8	1,209.2	0.0	0.0
Harford	(547.4)	(255.9)	0.0	0.0	0.0
Howard	165.5	86.7	193.9	0.0	0.0
Kent	156.6	13.7	28.0	0.0	0.0
Montgomery	18,893.1	3,782.2	5,382.9	0.0	0.0
Prince George's	67,614.3	23,770.5	27,719.9	0.0	0.0
Queen Anne's	0.1	(0.2)	(0.1)	0.0	0.0
St. Mary's	290.5	341.5	391.4	0.0	0.0
Somerset	(110.2)	123.7	0.0	0.0	0.0
Talbot	0.6	(13.5)	(0.6)	0.0	0.0
Washington	4,996.2	1,919.4	2,825.3	4.8	(0.7)
Wicomico	3,364.1	1,124.7	1,139.1	36.8	(15.2)
Worcester	297.0	28.1	30.2	0.0	0.0
Unallocated	0.0	319.4	0.0	0.0	0.0
Total	\$228,448.1	\$74,565.7	\$82,568.4	\$9.0	(\$2.1)

Exhibit 5
Estimated Change in State Aid and Local Appropriations under the Bill
Fiscal 2027-2031
(\$ in Thousands)

<u>County</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>
Allegany	\$3,198	\$309	\$735	\$0	\$0
Anne Arundel	15	(150)	(15)	0	0
Baltimore City	113,939	39,896	36,298	0	0
Baltimore	7,243	798	3,775	0	0
Calvert	(155)	0	0	0	0
Caroline	4,911	1,632	1,532	0	0
Carroll	(276)	294	13	0	0
Cecil	(197)	(271)	15	0	0
Charles	2,497	534	1,186	0	0
Dorchester	272	74	35	0	0
Frederick	(618)	65	0	0	0
Garrett	5,556	1,773	1,209	0	0
Harford	(547)	(256)	0	0	0
Howard	166	87	194	0	0
Kent	416	65	123	0	0
Montgomery	18,893	3,782	5,383	0	0
Prince George's	67,614	23,771	27,720	0	0
Queen Anne's	0	(0)	(0)	0	0
St. Mary's	290	342	391	0	0
Somerset	(110)	124	0	0	0
Talbot	1	(59)	0	0	0
Washington	7,952	1,564	2,867	0	0
Wicomico	3,855	916	1,227	0	0
Worcester	297	28	30	0	0
Unallocated	0	319	0	0	0
Total	\$235,212	\$75,317	\$82,717	\$0	\$0

Other Provisions

AIB advises that the delay in the Blueprint deadline (to July 1, 2034) by which newly licensed principals must hold NBC may result in local savings in salaries or NBC fees. It

is assumed that any such savings, which cannot be quantified at this time, are not realized until fiscal 2030 at the earliest.

It is assumed that if specified entities exercise authority to limit the number and types of courses that a dually enrolled student may take, the number of *students* taking advantage of dual enrollment courses increases, but there is no determinate impact on the number of *courses* for public institutions of higher education to provide to dual enrollment students. Therefore, the effect on local board of education payments for dual enrollment is indeterminate but assumed to be minimal on a statewide basis.

Including additional evidence-based academic interventions among the many components of wraparound services is not anticipated to alter local expenditures for wraparound services.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 311 (The President)(By Request - Accountability and Implementation Board) - Education, Energy, and the Environment.

Information Source(s): Anne Arundel County Public Schools; Baltimore County Public Schools; Frederick County Public Schools; Montgomery County Public Schools; Prince George's County Public Schools; St. Mary's County Public Schools; Wicomico County Public Schools; Maryland Department of Labor; University System of Maryland; Morgan State University; Maryland Association of Counties; Accountability and Implementation Board; Maryland State Department of Education; Maryland Higher Education Commission; Department of Budget and Management; Department of Legislative Services

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Appendix – Public School Funding in Maryland

State Aid for Public Schools

Blueprint for Maryland’s Future and Education Funding Formulas

The majority of direct State aid to public schools (excluding teachers’ retirement) is determined by enrollment-based funding formulas generally found in Title 5, Subtitle 2 of the Education Article. This includes the foundation formula, which makes use of a per pupil foundation amount (PPFA) and an “enrollment count,” which is the greater of (1) the prior year full-time equivalent (FTE) enrollment and (2) the three-year moving average of FTE enrollment. Collectively, the formulas account for a uniform base cost per pupil that is necessary to provide general education services to students in every local school system and address the additional costs associated with educating three student populations: special education students; students eligible for free and reduced-price meals; and students who are English learners. Under Chapter 237 of 2025, beginning in fiscal 2026, the special education, compensatory education, and English learner formulas – structured similarly to the foundation program, but targeting the three student populations mentioned above – use statutory per-pupil dollar amounts (rather than percentage weights of PPFA), with amounts specified through fiscal 2033 and inflation adjustments thereafter.

Most State education aid formulas also include wealth equalization across counties, compensating for differences in local wealth by providing less aid per pupil to the more wealthy counties and more aid per pupil to the less wealthy counties. Although on the whole most State aid formulas are designed to have the State pay roughly one-half of program costs, the State’s share for the less wealthy counties is higher than 50%, and the State’s share for more wealthy counties is lower than 50%. For purposes of determining State and local shares of funding, wealth equals the sum of 100% of assessed public utilities real property value, 40% of the assessed value of all other real property, 50% of the assessed value of personal property, and 100% of net taxable income.

Major education aid programs include the foundation formula, comparable wage index (CWI), guaranteed tax base (GTB), compensatory education, concentration of poverty grants (CPG), English learner, special education, full-day prekindergarten, college and career ready (CCR), transitional supplemental instruction (through fiscal 2026), career ladder, and transportation grant programs.

The Blueprint for Maryland’s Future (Blueprint) legislation, including Chapter 771 of 2019; Chapters 36 and 55 of 2021; and Chapter 33 of 2022 established new programs and updated education funding formulas, to among other provisions provide additional

support for schools serving high concentrations of students living in poverty, including community schools and wraparound services, and increased support for students learning English and students with disabilities. Chapter 237, among other provisions, curtailed foundation program per pupil funding.

Blueprint for Maryland's Future Fund

The Blueprint for Maryland's Future Fund (BMFF) was created by Chapter 771 as the successor to the Commission on Innovation and Excellence in Education Fund. The BMFF is intended to assist in providing adequate funding for early childhood education and primary and secondary education to provide a world-class education to students in Maryland.

Comparable Wage Index

CWI provides additional funds to local school systems with above-average personnel costs but does not decrease funding for local school systems with below-average costs. CWI adjustment values are fixed in statute and range from 0.047 in Frederick County to 0.166 in Montgomery County. The formula multiplies the adjustment value by the foundation program for a given county, which is the PPFA multiplied by the enrollment count for the county.

Guaranteed Tax Base

The GTB program is intended to encourage less wealthy jurisdictions to maintain or increase local education tax effort, *i.e.*, local education appropriation as a percentage of local tax base. The program provides additional State education aid to counties that (1) have less than 80% of the statewide average wealth per pupil and (2) provide local education funding above the minimum local share required by the Foundation Program. The program uses local education tax effort and wealth to determine State aid amounts for each eligible local school system.

Concentration of Poverty Grant Program

Blueprint legislation provides additional support for schools serving high concentrations of students living in poverty through the CPG Program. CPG funding has two components, a personnel grant and a per-pupil grant.

Personnel Grants are provided to employ a community school coordinator with specified qualifications and provide full-time coverage by at least one health care practitioner. A county that provides health coverage or community school services with funds other than the personnel grant must continue to provide those services through fiscal 2030. If the

personnel grant provided to an eligible school exceeds the costs to employ those positions and provide health coverage, the eligible school may use excess funds to provide wraparound services and complete the community school needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation.

Per-pupil Grants are provided for each qualifying school following the completion of a community school needs assessment, and each eligible school must use the per-pupil grant to provide wraparound services and other programs and services as identified in the school needs assessment. CPG funds must generally be distributed by the local board to each eligible school. However, if the local school system has at least 10 eligible schools or at least 35% of a local school system’s schools are eligible schools, the local board may expend up to 50% of CPG personnel and per-pupil grants on behalf of eligible schools on program costs that directly benefit the school, and in accordance with a plan developed in consultation with eligible schools that ensures that each eligible school receives the required positions/coverage and services. Per-pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula.

The following table lays out the phase-in of the two components of the funding.

Concentration of Poverty Grants Phase-in

<u>School Poverty Percentage</u>	<u>Year Personnel Phased-in</u>	<u>Year Per Pupil Phased-in</u>
> = 80%	FY 2020	FY 2022
75%-80%	FY 2021	FY 2023
70%-75%	FY 2022	FY 2024
65%-70%	FY 2023	FY 2025
60%-65%	FY 2024	FY 2026
55%-60%	FY 2025	FY 2027

School concentration percentages are based on a three-year average of compensatory education enrollment in each public school.

For the per-pupil grant, schools receive funding along a sliding scale according to their CPG level, the three-year average percentage of compensatory education enrollment students at each school. Schools at or below 55% CPG level receive no funding per pupil. Schools above 55% and below 80% CPG level see the per-pupil amount increase until, for schools at or above 80% CPG level, per-pupil funding reaches the statutorily established per-pupil maximum amount. The per-pupil amount established by this sliding scale is then

multiplied by a school’s compensatory education enrollment in the second prior fiscal year to get a calculated grant amount. A percentage increment of per-pupil funding is then applied for each of six years of eligibility, beginning with 16% in the first year of eligibility and culminating in 100% funding by the seventh year, is specified in statute as shown in the table below.

<u>Eligibility Year</u>	<u>Share of CPG Per Pupil</u>
NOT ELIGIBLE	0%
Year 1	16%
Year 2	32%
Year 3	37%
Year 4	55%
Year 5	66%
Year 6	75%
Year 7 and Beyond	100%

Beginning in fiscal 2030, however, all schools receive 100% of the calculated per-pupil grant amount regardless of year of eligibility.

College and Career Ready Funding

It is the goal of the State that students enrolled in public school will meet the CCR standard adopted by the State Board of Education before the end of the 10th grade and no later than the time the student graduates from high school. In addition to funding for non-CCR and CCR students provided within the foundation formula, funding is provided for students in grades 9 through 12 who have met the CCR standard. Per-pupil funding, covered by both State and local shares, begins at \$517 in fiscal 2022 and is inflation adjusted each subsequent year. These funds support various pathways and educational options available to students who meet the CCR standard.

Career Ladder for Educators

Under Chapter 36, as amended by Chapter 55, a four-level career ladder must be implemented by each local board of education by July 1, 2024. Level one is a State-certified teacher. Level two is a teacher pursuing a master’s degree, 30 credits of a State board-approved program of study, or National Board Certification (NBC). Level three is a teacher who has an NBC or, if NBC or a comparable assessment is not available in the teacher’s content area, a master’s degree in that area. Level three includes an assistant principal. Level four is a teacher on the teacher leadership track or administrative track of the career ladder, each of which is further divided into tiers. If a

teacher achieves level three or four on the career ladder by being an NBC teacher, the teacher must retain NBC status in order to remain at that level. The State and county governments share the cost of required salary increases for educators reaching certain levels on the career ladder, including for attaining and retaining NBC status.

Grow Your Own Educators

Chapters 227 and 228 of 2024 established the Grow Your Own Educators Program to provide support to eligible provisional teachers and noncertified education support professionals interested in teaching who pledge to fulfill a service obligation. Administered by the Maryland State Department of Education (MSDE), the program provides grants to local school systems in collaboratives for certain teacher candidates' expenses and program administration costs. Chapter 237 made several alterations to the program, including clarifying that the program purpose is to support collaboratives that offer teacher licensure programs with on-the-job experiential learning for eligible individuals, not to directly support the individuals.

Full-day Prekindergarten

The full-day prekindergarten funding formula provides State and local funding for voluntary full-day prekindergarten for (1) children who are three or four years old from low-income families and homeless youths and whose family income is less than or equal to 300% of the federal poverty level (FPL) (Tier I children) and (2) four-year-olds from families whose income is – for fiscal 2026 funding – between 300% and 360% of FPL, and beginning fiscal 2027 between 300% and 600% of FPL (Tier II students).

There is no family share for Tier I students. For Tier II students, a sliding scale developed by MSDE determines the family share. For four-year-olds from families with income above 600% (Tier III), the family share covers the full cost of full-day prekindergarten. However, a local board may provide up to 100% of the family share on behalf of the family. Local governments are required to fund the local share of the full-day prekindergarten program. The funding formula for full-day prekindergarten is based in part on the per-pupil amount. The per-pupil amount is \$14,473 for fiscal 2026, escalates to \$19,950 in fiscal 2027 and 2028, and increases annually by inflation beginning in fiscal 2029.

Beginning in the 2024-2025 school year, prekindergarten slots provided by eligible private providers must account for at least 10% of the total prekindergarten slots provided by eligible prekindergarten providers in each county. The proportion of eligible private provider prekindergarten slots in each county increases by 10 percentage points every school year, until, in the 2028-2029 school year, and each subsequent school year, eligible private provider prekindergarten slots account for at least 50% of eligible prekindergarten provider prekindergarten slots in each county.

Priority in expanding full-day prekindergarten slots is given to three- and four-year-olds who are Tier I children, children with disabilities regardless of family income, and children living in homes where English is not the primary spoken language. The proportion of enrolled Tier I children who are three- and four-year-olds must increase annually until all such children are enrolled in a full-day prekindergarten program.

Prekindergarten Expansion Grant Program

The Prekindergarten Expansion Grant Program, administered by MSDE, is intended to broaden the availability of high-quality prekindergarten and school readiness services throughout the State for children and their families in coordination with the expansion of publicly funded full-day prekindergarten under the Blueprint. The program is a competitive grant program to provide grants to qualified providers, including (1) a local board of education or (2) if partnering with a local board under a memorandum of understanding, a State accredited or nationally accredited child care program or a nonpublic school approved by MSDE to provide prekindergarten services.

Grants may be used to add available slots to expand prekindergarten services, including (1) establishing or expanding full-day prekindergarten for eligible young children and (2) expanding existing half-day prekindergarten programs into full-day prekindergarten for eligible young children. Grants may not be used (1) to supplant existing funding for prekindergarten services; (2) for capital improvements; or (3) to fund the same full-day prekindergarten slot that is funded under the full-day prekindergarten program established by Blueprint legislation.

Through fiscal 2029, the Governor must annually appropriate to the Prekindergarten Expansion Fund (established to provide funds to the program) an amount that is at least equal to the total amount of all funds received by the program in the prior fiscal year. Beginning in fiscal 2030, funds appropriated to the Prekindergarten Expansion Fund must be consolidated into the publicly funded full-day prekindergarten program.

Public School Transportation

All school systems are required to arrange transportation to and from school for all public school students and are required to provide transportation to and from school for all disabled students. The State provides annual aid to public schools for the purpose of funding student transportation. The funding consists of two parts: a base grant that is adjusted annually; and a per-pupil grant based on the number of students with special transportation needs.

Local Funding for Public Schools

Maintenance of Effort and Local Share

Each year, the county government (including Baltimore City) is required to appropriate funds to the local board equivalent to the greater of the per-pupil maintenance of effort (MOE) requirement or the local share amount of all wealth-equalized formulas. The per-pupil MOE amount is based upon the enrollment count as defined above. The local share of major education aid programs equals the local share of the foundation formula, compensatory education, English learner, special education, CWI, full-day prekindergarten, CCR, transitional supplemental instruction (through fiscal 2026), and career ladder grant programs. Also, counties that benefit from the compensatory education State funding floor are required to fund the local share of CPG. However, for some counties, the combined local share across these several programs is subject to adjustments described below. Additionally, under Chapter 336 of 2024, the State and county governments must pay for Blueprint implementation coordinator salaries in the same proportion as the foundation program.

Education Effort Adjustment to Local Share Requirement

Local governments are required to fund the local share of the foundation program and the required local shares for several other funding formula programs. The law also includes a mechanism for establishing a maximum local share that a county must fund each year. This involves “local education effort,” which is determined for each county by dividing the county’s local share of major education aid by the county’s wealth. An “education effort index,” which is the local education effort divided by the “State average education effort” is then determined. A “maximum local share” is calculated for each county, which is the county’s local wealth multiplied by the State average education effort.

Each county with an education effort above 1.0 for two consecutive years receives relief based upon its “education effort adjustment,” which is the amount by which the calculated local share exceeds the maximum local share. This relief (which results in increases to State aid), is provided to counties within one of three tiers, based on whether the education effort is (1) greater than 1.0 but less than 1.15; (2) at least 1.15 but less than 1.27; or (3) at least 1.27. State relief for the first tier is phased up from 15% of the education effort adjustment in fiscal 2023 to 50% by fiscal 2030. State relief for the second tier is phased up from 20% of the education effort adjustment in fiscal 2023 to 100% by fiscal 2030. State relief for the third tier is 100% beginning in fiscal 2023. However, the education effort adjustment for a county is only allowed to the degree that per-pupil MOE is met each year.

Additional Reductions to Local Share

A county may be eligible for a reduction in the required local share of major aid formulas in three additional ways: (1) if a county receives State funds from the GTB program, the

local share may be reduced by the amount of GTB funds, except that for Baltimore City only the amount above \$10.0 million may be reduced from the local share; (2) if a county receives State funds to support the minimum funding floors of 15% for the foundation and 40% for the targeted programs; and (3) if a county has a CWI of at least 0.13, the local share of CWI may be reduced by 50%. However, in all of these cases, the local share may not be reduced to below the required per-pupil MOE amount.

Minimum School Funding Requirement

Each local board of education must distribute to its public schools at least 75% of the applicable per-pupil funding amounts generated under the foundation program and most major education aid formulas. In addition, local boards must distribute 100% of the per-pupil amounts provided under the concentration of poverty grant program and for eligible private provider prekindergarten slots.